

HOSPITAL SERVICE DISTRICT NO. 1
PARISH OF POINTE COUPEE
d/b/a POINTE COUPEE GENERAL HOSPITAL

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/3/02

FOR THE YEARS ENDED
OCTOBER 31, 2001, 2000 AND 1999

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report on the Financial Statements	1
Proprietary Fund Type - Enterprise Fund	
General Purpose Financial Statements	
Balance Sheets - Unrestricted Funds	3
Statements of Operations - Unrestricted Funds	4
Statements of Changes in Fund Balance	5
Statements of Cash Flows - Unrestricted Funds	6
Notes to Financial Statements	8
Supplemental Information	
Schedules of Net Patient Service Revenue	22
Schedules of Other Revenue	23
Schedules of Expenses - Salaries and Benefits	24
Schedules of Expenses - Medical Supplies and Drugs	25
Schedules of Expenses - Other Expenses	26
Combining Statement of Operations	27
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Conducted in Accordance with <u>GOVERNMENT AUDITING STANDARDS</u>	30

Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA

Melanie I. Layssard, CPA
Brenda J. Lloyd, CPA

LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
3600 BAYOU RAPIDES ROAD
ALEXANDRIA, LOUISIANA 71303

Telephone (518) 487-1450
Facsimile (518) 445-1184

Members
American Institute of CPA's
Society of Louisiana CPA's

Mailing Address:
P.O. Box 8758
Alexandria, LA 71306-1758

Independent Auditors' Report

To the Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
New Roads, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1, Parish of Pointe Coupee, dba Pointe Coupee General Hospital, for the years ended October 31, 2001, 2000 and 1999, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pointe Coupee General Hospital as of October 31, 2001, 2000 and 1999, and the results of its operations and cash flows of its proprietary fund for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 8, 2002 on our consideration of Pointe Coupee General Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
Page Two

Our audits were performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Lester, Miller & Wells

Certified Public Accountants

February 8, 2002

Pointe Coupee Parish Hospital Service District No. 1
Balance Sheets - Unrestricted Funds
October 31, 2001, 2000 and 1999

<u>Assets</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Current assets:			
Cash and cash equivalents (Note 5)	\$ 2,081,656	\$ 938,650	\$ 1,571,097
Assets limited as to use - required for current liabilities (Note 6)	22,137	79,148	57,204
Patient accounts receivable, net of estimated uncollectibles (Note 7)	1,264,537	1,701,755	1,481,624
Estimated third-party payor settlements	315,323	200,685	-0-
Other receivables	271,171	55,536	47,569
Sales tax receivable (Note 8)	-0-	108,832	95,141
Notes receivable, current maturities	-0-	-0-	9,894
Inventory	287,170	268,865	253,336
Prepaid expenses	<u>57,788</u>	<u>64,833</u>	<u>85,000</u>
Total current assets	4,299,782	3,418,304	3,600,865
Assets limited as to use (Note 6)	1,396,505	2,877,320	2,140,918
Property, plant and equipment, net (Note 9)	9,031,583	8,830,422	8,650,287
Other assets			
Investments	4,707,655	2,879,247	3,745,710
LHA investment	<u>415,778</u>	<u>463,220</u>	<u>222,550</u>
Total assets	<u>\$19,851,303</u>	<u>\$18,468,513</u>	<u>\$18,360,330</u>
<u>Liabilities and Fund Balance</u>			
Current liabilities:			
Accounts payable	\$ 413,379	\$ 240,268	\$ 812,864
Accrued expenses and withholdings payable (Note 11)	597,263	563,710	550,252
Unearned grant revenue	24,079	-0-	-0-
Estimated third-party payor settlements	<u>-0-</u>	<u>-0-</u>	<u>224,058</u>
Total current liabilities	1,034,721	803,978	1,587,174
Fund balance - unrestricted	<u>18,816,582</u>	<u>17,664,535</u>	<u>16,773,156</u>
Total liabilities and fund balance	<u>\$19,851,303</u>	<u>\$18,468,513</u>	<u>\$18,360,330</u>

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
 Statements of Operations - Unrestricted Funds
 For the Years Ended October 31, 2001, 2000 and 1999

	2001	2000	1999
Revenue:			
Net patient service revenue	\$11,368,457	\$10,532,821	\$ 9,986,138
Sales tax revenue	1,646,804	1,205,904	1,143,155
Grant income	8,829	20,000	-0-
Gain (loss) on disposal of equipment	5,570	3,100	24,197
Other revenue	<u>126,353</u>	<u>118,729</u>	<u>111,066</u>
Total revenue	<u>13,156,013</u>	<u>11,880,554</u>	<u>11,264,556</u>
Expenses:			
Salaries and benefits	5,280,889	4,947,229	4,906,395
Medical supplies and drugs	1,121,440	1,199,451	1,140,421
Insurance	206,292	192,946	208,801
Depreciation	804,052	801,507	666,636
Interest	-0-	-0-	6,650
Provision for bad debts	1,728,141	1,230,296	887,663
Other expenses	<u>3,125,335</u>	<u>3,162,352</u>	<u>3,043,221</u>
Total expenses	<u>12,266,149</u>	<u>11,533,781</u>	<u>10,859,787</u>
Operating income (loss)	<u>889,864</u>	<u>346,773</u>	<u>404,769</u>
Nonoperating income (loss):			
Income on investments whose use is limited	107,532	185,031	152,716
Other investment income	245,851	450,775	298,587
Payments to Police Jury	<u>(91,200)</u>	<u>(91,200)</u>	<u>(91,200)</u>
Nonoperating income, net	<u>262,183</u>	<u>544,606</u>	<u>360,103</u>
Excess of revenues over expenses	<u>\$ 1,152,047</u>	<u>\$ 891,379</u>	<u>\$ 764,872</u>

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
 Statements of Changes in Fund Balance
 For the Years Ended October 31, 2001, 2000 and 1999

	Unrestricted <u>Funds</u>
Fund balance, October 31, 1999	\$ 16,773,156
Excess of revenues over expenses	<u>891,379</u>
Fund balance, October 31, 2000	17,664,535
Excess of revenues over expenses	<u>1,152,047</u>
Fund balance, October 31, 2001	\$ <u>18,816,582</u>
Composition of fund balance:	
Transfer from Police Jury	\$ 6,063,588
Excess of revenues over expenses	<u>12,752,994</u>
Total fund balance	\$ <u>18,816,582</u>

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Statements of Cash Flows - Unrestricted Funds
For the Years Ended October 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:			
Operating income (loss)	\$ 889,864	\$ 346,773	\$ 404,769
Interest expense considered capital financial activity	-0-	-0-	6,650
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	804,052	801,507	666,636
Provision for bad debts	1,728,141	1,230,296	887,663
(Gain) loss on disposal of assets	(5,570)	(3,100)	(24,197)
(Increase) decrease in:			
Net patient accounts receivable	(1,290,923)	(1,450,427)	(514,989)
Estimated third-party payor settlements	(114,638)	(424,743)	(63,008)
Other receivables	(215,635)	(7,967)	67,964
Sales tax receivable	108,832	(13,691)	7,579
Inventory	(18,305)	(15,529)	21,611
Prepaid expenses	7,045	20,167	(16,676)
Increase (decrease) in:			
Accounts payable	173,111	(572,596)	556,505
Accrued expenses and withholdings payable	33,553	13,458	34,998
Unearned grant revenue	24,079	-0-	-0-
Notes payable	-0-	-0-	(960,000)
Health insurance reserves	<u>57,011</u>	<u>(21,944)</u>	<u>8,862</u>
Net cash provided (used) by operating activities	<u>2,180,617</u>	<u>(97,796)</u>	<u>1,084,367</u>
Cash flows from investing activities:			
LHA Insurance Trust	47,442	(240,670)	(120,905)
Income on investments whose use is limited	107,532	185,031	152,716
Other investment income	245,851	450,775	298,587
Assets limited as to use	1,480,815	(736,402)	1,142,674
Unrestricted investment	(1,828,408)	866,463	(1,218,164)
Proceeds of notes receivable	<u>-0-</u>	<u>9,894</u>	<u>12,497</u>
Net cash provided (used) by investing activities	\$ <u>53,232</u>	\$ <u>535,091</u>	\$ <u>267,405</u>

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Statements of Cash Flows - Unrestricted Funds (Continued)
For the Years Ended October 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Cash flows from noncapital financing activities:			
Payments to Police Jury	\$ <u>(91,200)</u>	\$ <u>(91,200)</u>	\$ <u>(91,200)</u>
Net cash provided (used) by noncapital financing activities	<u>(91,200)</u>	<u>(91,200)</u>	<u>(91,200)</u>
Cash flows from capital and related financing activities:			
Interest paid on long-term debt	-0-	-0-	(6,650)
Purchase of property, plant and equipment	(1,005,213)	(981,642)	(841,497)
Proceeds from sales of capital assets	<u>5,570</u>	<u>3,100</u>	<u>24,197</u>
Net cash provided (used) by capital and related financing activities	<u>(999,643)</u>	<u>(978,542)</u>	<u>(823,950)</u>
Net increase (decrease) in cash and cash equivalents	1,143,006	(632,447)	436,622
Cash and cash equivalents, beginning of year	<u>938,650</u>	<u>1,571,097</u>	<u>1,134,475</u>
Cash and cash equivalents, end of year	\$ <u>2,081,656</u>	\$ <u>938,650</u>	\$ <u>1,571,097</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>6,650</u>

See accompanying notes to financial statements.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 1 - ORGANIZATION AND OPERATIONS

Organization - Pointe Coupee Hospital Service District No. 1 (referred to herein as "Pointe Coupee General Hospital" or the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on June 5, 1979. The District's area includes all of Pointe Coupee Parish, Louisiana.

The District is a political subdivision of the Pointe Coupee Parish Police Jury whose jurors are elected officials. Its nine Commissioners are appointed by the Pointe Coupee Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Pointe Coupee Parish Police Jury is the financial reporting entity for the District. Accordingly, the District was determined to be a component unit of the Pointe Coupee Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business - The District provides outpatient, emergency and inpatient acute hospital services, as well as home health care services. It also provides services to the parish ambulance service, health unit, mental health unit, substance abuse unit and the Council on Aging.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies.

Financial Reporting Entity - The accompanying financial statements of Pointe Coupee General Hospital present the financial position, the results of operations and the cash flow of the proprietary fund type.

Accounting for Proprietary Fund Types--Enterprise Fund - The accounts of the District are organized into a proprietary fund type which includes the hospital operations and the remaining operations. The operations of the proprietary fund are accounted for by providing a set of self-balancing accounts which is comprised of assets, liabilities, fund balance, revenues and expenses.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All proprietary funds are accounted for using the accrual basis of accounting. Accordingly, revenues are reported when earned (rather than when received) and expenses are reported when incurred (rather than when paid).

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Revenues and Expenses of General Funds - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.

Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Credit Risk - The District provides medical care primarily to Pointe Coupee Parish residents and grants credit to patients, substantially all of whom are local residents.

The District's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

Charity Care - The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Significant Concentration of Economic Dependence - The District has an economic dependence on a small number of staff physicians who admit over 90% of the District's patients. Revenues from Medicare and Medicaid are significant. Accordingly, government changes in reimbursement significantly impact the District.

Investments and Investment Income - Investment income from general fund investments is reported as a nonoperating gain.

The District considers its unrestricted cash and investments with original maturities in excess of 90 days to be an investment.

Income Taxes - The District is a political subdivision and exempt from taxation.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation.

Assets Limited as to Use - Assets limited as to use is composed of assets set aside by the Board of Commissioners for future capital improvements and for third-party payor contingencies over which the Board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts - The District establishes an estimated allowance for doubtful accounts which determines estimated collectibility based upon an aging of accounts receivable.

Inventory - Inventory is valued at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Property and Equipment - Property and equipment acquisitions are recorded at cost for assets purchased and if donated, at fair market value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Equipment under capital leases is amortized over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. The useful lives of property and equipment for the purpose of computing depreciation as established by the American Hospital Association are: buildings-25 to 40 years; machinery and equipment-5 to 30 years; furniture and fixtures-5 to 15 years.

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

NOTE 3 - CHARITY CARE

The District maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent services statistics. The following information measures the level of charity care provided during the years ended October 31, 2001, 2000 and 1999.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Charges foregone, based on established rates	\$ 218,112	\$ 177,689	\$ 257,352
Estimated costs and expenses incurred to provide charity care	\$ 157,176	\$ 113,521	\$ 202,057
Equivalent percentage of charity care patients to all patients served	1.4%	1.3%	2.6%

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 4 - NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. Home health is reimbursed based upon a prospectively determined rate per visit. The District's Medicare cost reports have been examined by the Medicare fiscal intermediary through October 31, 1998. The intermediary may reopen and further adjust any year within three years of the date of a Notice of Program Reimbursement.

Medicaid - Medicaid inpatient services are reimbursed based on a prospectively determined per diem rate. Most Medicaid outpatient services are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through October 31, 1997.

Blue Cross - Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of October 31, 2001, 2000 and 1999, consisted of funds in interest bearing checking accounts which are insured against loss by the Federal Deposit Insurance Corporation and/or secured by a pledge of federal and Louisiana debt securities.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 6 - ASSETS LIMITED AS TO USE

Assets limited as to use are summarized below. Investments are stated at cost that approximates market.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Limited by board for capital improvements	\$ 840,555	\$ 1,458,069	\$ 1,483,912
Limited by board for third-party payor contingencies	325,300	648,300	630,838
Limited by board for debt repayment	24,127	22,464	26,168
Limited by agreement - Health Insurance	22,137	79,148	57,204
Limited by board for elderly housing project	<u>206,523</u>	<u>748,487</u>	<u>-0-</u>
	1,418,642	2,956,468	2,198,122
Less assets for current use	<u>(22,137)</u>	<u>(79,148)</u>	<u>(57,204)</u>
Total	<u>\$ 1,396,505</u>	<u>\$ 2,877,320</u>	<u>\$ 2,140,918</u>

NOTE 7 - PATIENT ACCOUNTS RECEIVABLE

A summary of patient accounts receivable is presented below.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Hospital patient receivables	\$ 1,848,628	\$ 2,116,261	\$ 1,821,254
Home Health patient receivables	<u>130,268</u>	<u>218,438</u>	<u>215,604</u>
	1,978,896	2,334,699	2,036,858
Less estimated uncollectibles	<u>714,359</u>	<u>632,944</u>	<u>555,234</u>
Total	<u>\$ 1,264,537</u>	<u>\$ 1,701,755</u>	<u>\$ 1,481,624</u>

A summary of gross Medicare and Medicaid charges follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Medicare patients	\$ 5,770,446	\$ 4,654,730	\$ 4,376,162
Medicaid patients	<u>1,999,998</u>	<u>1,819,250</u>	<u>1,502,980</u>
Total	<u>\$ 7,770,444</u>	<u>\$ 6,473,980</u>	<u>\$ 5,879,142</u>
Percent of all patients	<u>48%</u>	<u>42%</u>	<u>42%</u>

NOTE 8 - SALES TAX RECEIVABLE

On September 29, 1984, a 1% sales tax was renewed by the citizens of the parish for an indefinite term. The resolution provides that 50% of such tax shall be dedicated to the District. Those tax revenues are distributed to the parish Council on Aging (\$5,250 per month) and the parish Coroner's Office (\$3,650

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 8 - SALES TAX RECEIVABLE (Continued)

per month through April 2001 and \$3,950 per month thereafter). The remaining tax revenues are designated by the District to be distributed to hospital operations.

The citizens of the parish approved an additional .25% sales tax for the hospital's operations that remains in effect through May 3, 2007.

Sales tax receivable consists of \$108,832 and \$95,141 of sales taxes collected by the parish in October 2000 and 1999, respectively, and remitted to the District in November 2000 and 1999, respectively.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 2001.

	October 31, 2000	<u>ASSET COST</u>		October 31, 2001
		Additions	Deletions	
Land	\$ 1,272,849	\$ -0-	\$ -0-	\$ 1,272,849
Land improvements	115,739	-0-	-0-	115,739
Buildings & improvements	8,749,291	213,346	-0-	8,962,637
Equipment	4,317,226	118,497	-0-	4,435,723
Work in process	<u>213,601</u>	<u>673,370</u>	<u>-0-</u>	<u>886,971</u>
Total	<u>\$14,668,706</u>	<u>\$ 1,005,213</u>	<u>\$ -0-</u>	<u>\$15,673,919</u>

	October 31, 2000	<u>ACCUMULATED DEPRECIATION</u>		October 31, 2001
		Additions	Deletions	
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land improvements	87,307	7,024	-0-	94,331
Buildings & improvements	3,127,249	300,234	-0-	3,427,483
Equipment	<u>2,623,728</u>	<u>496,794</u>	<u>-0-</u>	<u>3,120,522</u>
Total	<u>\$ 5,838,284</u>	<u>\$ 804,052</u>	<u>\$ -0-</u>	<u>\$ 6,642,336</u>

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 2000.

	October 31, 1999	<u>ASSET COST</u>		October 31, 2000
		Additions	Deletions	
Land	\$ 1,272,849	\$ -0-	\$ -0-	\$ 1,272,849
Land improvements	115,739	-0-	-0-	115,739
Buildings & improvements	8,267,104	482,187	-0-	8,749,291
Equipment	4,018,161	299,065	-0-	4,317,226
Work in process	<u>13,211</u>	<u>200,390</u>	<u>-0-</u>	<u>213,601</u>
Total	<u>\$13,687,064</u>	<u>\$ 981,642</u>	<u>\$ -0-</u>	<u>\$14,668,706</u>

	October 31, 1999	<u>ACCUMULATED DEPRECIATION</u>		October 31, 2000
		Additions	Deletions	
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land improvements	80,176	7,131	-0-	87,307
Buildings & improvements	2,845,066	282,183	-0-	3,127,249
Equipment	<u>2,111,535</u>	<u>512,193</u>	<u>-0-</u>	<u>2,623,728</u>
Total	<u>\$ 5,036,777</u>	<u>\$ 801,507</u>	<u>\$ -0-</u>	<u>\$ 5,838,284</u>

The following is a summary of property, plant and equipment and related accumulated depreciation for the year ended October 31, 1999.

	October 31, 1998	<u>ASSET COST</u>		October 31, 1999
		Additions	Deletions	
Land	\$ 1,288,887	\$ -0-	\$ 16,038	\$ 1,272,849
Land improvements	119,725	-0-	3,986	115,739
Buildings & improvements	8,327,206	95,940	156,042	8,267,104
Equipment	5,526,546	798,610	2,306,995	4,018,161
Work in process	<u>-0-</u>	<u>13,211</u>	<u>-0-</u>	<u>13,211</u>
Total	<u>\$15,262,364</u>	<u>\$ 907,761</u>	<u>\$ 2,483,061</u>	<u>\$13,687,064</u>

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			October 31, 1999
	October 31, 1998	Additions	Deletions	
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Land improvements	76,717	7,445	3,986	80,176
Buildings & improvements	2,667,217	281,291	103,442	2,845,066
Equipment	<u>4,043,004</u>	<u>377,900</u>	<u>2,309,369</u>	<u>2,111,535</u>
Total	<u>\$ 6,786,938</u>	<u>\$ 666,636</u>	<u>\$ 2,416,797</u>	<u>\$ 5,036,777</u>

NOTE 10 - INVESTMENTS (including Limited Use)

Investments are classified as Held-to-Maturity securities and are therefore reported at amortized cost of any premium or discount as market declines are deemed temporary.

	Amortized Cost	Fair Value
An analysis of security types at October 31, 2001 follows:		
Louisiana Asset Management Pool, Inc.	<u>\$ 5,731,567</u>	<u>\$ 5,731,567</u>
An analysis of security types at October 31, 2000 follows:		
Debt securities issued by the U. S. Treasury and other U. S. Government Corporations and agencies	<u>\$ 3,447,206</u>	<u>\$ 3,663,691</u>
Louisiana Asset Management Pool, Inc.	<u>\$ 1,401,743</u>	<u>\$ 1,401,743</u>
An analysis of security types at October 31, 1999 follows:		
Debt securities issued by the U. S. Treasury and other U. S. Government Corporations and agencies	<u>\$ 3,351,225</u>	<u>\$ 3,520,000</u>
Louisiana Asset Management Pool, Inc.	<u>\$ 2,313,631</u>	<u>\$ 2,313,631</u>

Fair values are based upon quoted market prices.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 11 - ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE

A summary of accrued expenses follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Salaries and wages	\$ 225,346	\$ 194,568	\$ 176,430
Compensated absences	275,197	237,156	246,060
Payroll taxes and withholdings	<u>96,720</u>	<u>131,986</u>	<u>127,762</u>
Total accrued expenses	<u>\$ 597,263</u>	<u>\$ 563,710</u>	<u>\$ 550,252</u>

NOTE 12 - COMPENSATED ABSENCES

Upon completion of six months of employment, employees are eligible for paid time off (PTO). The amount in which each employee is entitled varies depending upon the job classification, length of service, number of hours worked each week and other factors. A maximum of 200 hours may be carried over from year to year. Any excess must be paid or used by January 31, of a subsequent year. Vested PTO time has been recorded as a liability in the accompanying financial statements at the payroll rates in effect at the balance sheet date.

NOTE 13 - NOTE PAYABLE

The District signed a note with the United States Department of Agriculture on October 30, 2000, borrowing \$977,016 at 1% with a due date of November 1, 2030. The note is secured by two parcels of land owned by the District. These funds are to be used on the \$1.6 million dollar elderly housing project. No liability has been established as of year end since funds were not received until subsequent to year end.

NOTE 14 - PENSION PLAN

The District participates in the Parochial Employees' Retirement System (a contributory, governmental and multi-employer plan). Although the plan is obligated to the District's employees under a defined benefit formula, the District is obligated to the plan for a defined contribution amount (7.75% of gross wages after December 31, 1996). Employees also contribute 9.5% of salary to the plan. The District's pension plan expenses were \$329,157, \$293,640, and \$285,009 in 2001, 2000 and 1999, respectively.

There is no age exclusion for participation in the pension plan. An employee is vested after 7 years of service. Withdrawal from the plan prior to the 7 years results in refund of only the employee contribution, without interest.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 15 - PROFESSIONAL LIABILITY RISK

The Louisiana Patient's Compensation Fund - The District participates in the Louisiana Patient's Compensation Fund ("PCF") established by the State of Louisiana to provide professional medical liability coverage to health care providers. The fund provides for \$400,000 of coverage per occurrence above the first \$100,000 per occurrence for which the District is at risk. The fund places no limitation on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$100,000 per occurrence and limiting the PCF's exposure to \$400,000 per occurrence. Defense costs are not included in these amounts.

The Louisiana Hospital Association Trust Fund - The District's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are redetermined utilizing actual losses of the District. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 16 - WORKMEN'S COMPENSATION

The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro-rata share of the resulting deficit. It is not possible to estimate the amount, if any, of additional assessments. The trust fund presumes to be a "Grantor Trust" and accordingly, income and expenses are pro-rated to member hospitals. The District has included these allocations and equity in the trust in its financial statements.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowance for loss contingencies is considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Governmental Third Party Reimbursement Programs - The District is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations, and general instructions of those programs. The amount of such adjustments cannot be determined. Federal and state budget restraints are increasing the time period taken to pay Medicare and Medicaid claims and the Medicaid program is delaying payment of year-end statements.

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participating requirements, reimbursement for

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Medicaid Uncompensated Cost - The District received interim amounts of \$948,628, \$554,831 and \$425,975 for Medicaid and self-pay uncompensated care services for the years ended October 31, 2001, 2000 and 1999, respectively. The interim amounts received are based upon uncompensated cost incurred in previous years. Current regulations require retroactive audit of the claimed uncompensated cost and comparison to the interim amounts paid by Medicaid in each fiscal year. Any overpayments will be recouped by Medicaid and the District has not made any provisions for such recoupments. Management contends interim amounts paid reasonably estimate final settlement. To the extent Management's estimates differ from actual results, the differences will be used to adjust income for the period when differences arise.

Professional Liability Risk - The District is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk - The District participates in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the District may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the District is contingently liable for assessments by the Louisiana Hospital Association Trust Fund.

Hill-Burton Uncompensated Service and Community Service Obligations - As a result of the Police Jury receiving a federal Hill-Burton program grant, the Hospital is required to provide a reasonable volume of uncompensated services (determined by a formula provided by the Federal government) to patients who are unable to pay for their medical care. Additionally, the grant requires the District to provide certain community services. During 1992, the District received certification under the Public Facility Compliance Alternative (PFC). This certification allows the facility to operate its own free or reduced cost care program, without compliance reviews. During 1999, the District met its Uncompensated services obligation under the Public Facility Compliance Alternative. Additionally, the District is obligated to provide community service.

Bonne Sante' Center Obligation - The Board of Commissioners of Pointe Coupee Parish Health Service District No. 1, with consent from the District Attorney's office, approved payments to the Pointe Coupee Parish Police Jury for reimbursement of the Bonne Sante' Center's expenditures. These payments are evaluated on a year to year basis. The District paid \$92,416, \$86,485 and \$81,806 for Bonne Sante' Center's expenditures in 2001, 2000 and 1999, respectively.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

Payments to Police Jury - In November 1995 and March 1996 the Hospital transferred \$85,000 (per year) to the Police Jury. During 2001, 2000 and 1999, the Hospital transferred \$91,200, \$91,200 and \$91,200, respectively, to the Police Jury for the District's portion of 911 service. The District stated that said transfers were funded from interest income.

Litigation and Other Matters - Various claims in the ordinary course of business are pending against the District. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

NOTE 18 - BOARD OF COMMISSIONERS

The following schedule presents a list of the members of the Board of Commissioners of Pointe Coupee General Hospital at October 31, 2001.

Mr. Mix Vosburg, Chairman
Mr. Chris Battley
Mr. James Boulanger
Dr. Donald Doucet, M.D.
Mr. Don A. Ewing, Secretary
Mr. Nick Cicero
Mr. Maurice Picard, Vice Chairman
Dr. Carl McLemore
Ms. Juliet Williams

These commissioners serve the District without compensation, per diem or reimbursement of expense, except actual cash out-of-pocket expenses incurred in the performance of their duties.

Pointe Coupee Parish Hospital Service District No. 1
Notes to Financial Statements
For the Years Ended October 31, 2001, 2000 and 1999

NOTE 19 - OPERATING LEASES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred. The following is a schedule by year of future minimum lease payments under operating leases as of October 31, 2001, that have initial or remaining lease terms in excess of one year.

<u>Year Ending October 31</u>	<u>Amount</u>
2002	\$ 56,955
2003	50,965
2004	30,698
2005	23,582
2006	<u>18,326</u>
Total minimum lease payments	<u>\$180,526</u>

NOTE 20 - SUBSEQUENT EVENTS

Pointe Coupee General Hospital is in the process of building an elderly housing facility and making renovations to the health unit at October 31, 2001. The estimated cost of the finished projects are \$1,632,000 and \$124,579, respectively.

SUPPLEMENTAL INFORMATION

Pointe Coupee Parish Hospital Service District No. 1
Schedules of Net Patient Service Revenue
Unrestricted Fund
For the Years Ended October 31, 2001, 2000 and 1999

	2001	2000	1999
Routine services:			
Adult and pediatric	\$ 689,145	\$ 779,506	\$ 869,035
Other professional services:			
Operating room	445,055	428,428	459,688
Recovery room	3,410	3,760	2,640
Anesthesiology	161,795	173,623	148,935
Radiology	2,894,393	3,067,276	2,699,246
Laboratory	3,007,408	2,942,431	2,622,790
Cardio pulmonary	1,616,140	1,173,158	1,180,526
Physical therapy	837,923	764,377	767,829
Occupational therapy	105,808	100,110	74,254
Speech therapy	35,220	22,370	31,555
Medical supply	646,799	785,554	635,846
Pharmacy	825,601	948,592	962,325
Emergency service	3,484,272	2,574,673	1,968,949
Home health	<u>1,410,201</u>	<u>1,622,035</u>	<u>1,601,568</u>
Total other professional services	<u>15,474,025</u>	<u>14,606,387</u>	<u>13,156,151</u>
Total patient service revenue	16,163,170	15,385,893	14,025,186
Deductions from revenue:			
Medicare & Medicaid contractual adjustments	4,040,014	3,503,016	2,694,777
Medicaid Dispro payment	(948,628)	(554,831)	(425,975)
Employee discounts	21,248	15,966	16,967
Uncompensated services	218,113	177,690	230,149
Other	<u>1,463,966</u>	<u>1,711,231</u>	<u>1,523,130</u>
Total deductions from revenue	<u>4,794,713</u>	<u>4,853,072</u>	<u>4,039,048</u>
Net patient service revenue	<u>\$11,368,457</u>	<u>\$10,532,821</u>	<u>\$ 9,986,138</u>

Pointe Coupee Parish Hospital Service District No. 1
Schedules of Other Revenue
Unrestricted Fund
For the Years Ended October 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Rent	\$ 98,416	\$ 75,781	\$ 71,130
Medical record abstracts	144	456	3,930
Cafeteria	25,453	24,607	24,745
Donation	2,340	915	-0-
Miscellaneous revenue	<u>-0-</u>	<u>16,970</u>	<u>11,261</u>
 Total	 \$ <u>126,353</u>	 \$ <u>118,729</u>	 \$ <u>111,066</u>

Pointe Coupee Parish Hospital Service District No. 1
Schedules of Expenses - Salaries and Benefits
Unrestricted Fund
For the Years Ended October 31, 2001, 2000 and 1999

	2001	2000	1999
Salaries:			
Administration	\$ 692,066	\$ 598,942	\$ 602,975
Plant operations and maintenance	190,903	167,542	156,247
Laundry	14,982	13,038	14,941
Housekeeping	180,398	181,341	196,476
Dietary and cafeteria	149,351	125,391	124,746
Nursing administration	67,288	55,234	53,793
Medical records	128,790	116,550	121,006
Nursing services	842,298	866,832	880,586
Central supply	55,402	55,699	54,419
Operating room	117,096	106,971	83,148
Radiology	298,642	348,944	326,709
Laboratory	408,712	369,202	373,733
Cardio pulmonary	156,518	155,649	151,993
Pharmacy	72,687	72,389	65,944
Emergency room	446,359	433,727	425,473
Home health	681,611	659,214	656,779
Clinic	40,238	22,509	6,580
Hospice	<u>7,870</u>	<u>-0-</u>	<u>-0-</u>
Total salaries	<u>4,551,211</u>	<u>4,349,174</u>	<u>4,295,548</u>
Benefits:			
Employee benefits	435,833	401,678	393,750
Hospitalization insurance	<u>293,845</u>	<u>196,377</u>	<u>217,097</u>
Total benefits	729,678	598,055	610,847
Total salaries and benefits	<u>\$ 5,280,889</u>	<u>\$ 4,947,229</u>	<u>\$ 4,906,395</u>

Pointe Coupee Parish Hospital Service District No. 1
Schedules of Expenses - Medical Supplies and Drugs
Unrestricted Fund
For the Years Ended October 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Administration	\$ 61,111	\$ 57,545	\$ 65,451
Plant operations and maintenance	11,357	10,194	11,664
Laundry	9,774	10,019	8,991
Housekeeping	17,948	15,996	14,683
Dietary	80,159	76,173	68,347
Central supply	12,920	35,216	-0-
Medical records	4,280	5,401	3,280
Nursing services	24,741	23,315	2,354
Operating room	13,422	-0-	16,014
Anesthesiology	309	299	183
Radiology	89,936	144,548	155,180
Laboratory and blood	288,048	273,611	275,889
Cardio pulmonary	39,492	52,009	50,237
Physical therapy	11,359	7,242	9,751
Central supply	162,302	177,831	127,760
Pharmacy	242,159	261,383	273,257
Emergency room	26,676	24,842	24,223
Home health	15,941	15,970	27,832
Clinic	7,492	7,857	5,325
Hospice	<u>2,014</u>	<u>-0-</u>	<u>-0-</u>
Total medical supplies and drugs	<u>\$ 1,121,440</u>	<u>\$ 1,199,451</u>	<u>\$ 1,140,421</u>

Pointe Coupee Parish Hospital Service District No. 1
Schedules of Expenses - Other Expenses
Unrestricted Fund
For the Years Ended October 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Purchased services	\$ 1,355,751	\$ 1,349,004	\$ 1,268,470
Medical specialist	713,117	793,262	722,119
Collection fees	37,420	39,558	34,648
Supplies	43,479	53,653	49,632
Repairs and maintenance	162,918	126,012	204,881
Utilities	228,022	219,797	177,938
Telephone	53,995	51,009	49,743
Travel	105,467	108,977	103,825
Rentals	63,041	67,665	100,369
Advertising	19,411	13,673	15,301
Dues and subscriptions	81,860	31,877	29,577
Management fees	72,640	138,365	131,526
Bonne Sante'	92,416	86,485	81,806
Miscellaneous	<u>95,798</u>	<u>83,015</u>	<u>73,386</u>
 Total other expenses	 <u>\$ 3,125,335</u>	 <u>\$ 3,162,352</u>	 <u>\$ 3,043,221</u>

Pointe Coupee Parish Hospital Service District No. 1
Combining Statement of Operations
For the Year Ended October 31, 2001

	Hospital	COA*	Mental Health	Health Unit	Substance Abuse	Innis	District**	Total
Revenue								
Net patient service revenue	\$11,368,457	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$11,368,457
Sales tax revenue	1,110,675	63,000		45,900			427,229	1,646,804
Contributions and grants	8,829						-0-	8,829
Gain (loss) on disposal of equipment	5,570						-0-	5,570
Other operating revenue	49,087						77,266	126,353
Total revenue	12,542,618	63,000	-0-	45,900	-0-	-0-	504,495	13,156,013
Expenses								
Salaries and benefits	5,226,886			32,485			21,518	5,280,889
Medical supplies and drugs	1,121,440						-0-	1,121,440
Insurance	206,292						-0-	206,292
Depreciation	719,810	1,828	7,728	787	5,013	8,138	60,748	804,052
Provision for bad debts	1,728,141						-0-	1,728,141
Other expenses	2,855,456	66,789		14,609	93,420		95,061	3,125,335
Total expenses	11,858,025	68,617	7,728	47,881	98,433	8,138	177,327	12,266,149
Operating income (loss)	684,593	(5,617)	(7,728)	(1,981)	(98,433)	(8,138)	327,168	889,864
Nonoperating income (loss)								
Income on investments whose use is limited	107,532						-0-	107,532
Other investment income	245,851						-0-	245,851
Payments to Police Jury	(91,200)						-0-	(91,200)
Nonoperating income, net	262,183	-0-	-0-	-0-	-0-	-0-	-0-	262,183
Excess of revenues over expenses	946,776	(5,617)	(7,728)	(1,981)	(98,433)	(8,138)	327,168	1,152,047

*Council on Aging

**Remaining non-hospital activities of the District

Pointe Coupee Parish Hospital Service District No. 1
Combining Statement of Operations
For the Year Ended October 31, 2000

	Hospital	COA*	Mental Health	Health Unit	Substance Abuse	Innis	District**	Total
District Summary								
Revenue								
Net patient service revenue	\$ 10,532,821	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 10,532,821
Sales tax revenue	799,447	63,000		43,800			299,657	1,205,904
Contributions and grants	20,000							20,000
Gain (loss) on disposal of equipment	3,100							3,100
Other operating revenue	<u>31,473</u>					<u>20,000</u>	<u>67,256</u>	<u>118,729</u>
Total revenue	<u>11,386,841</u>	<u>63,000</u>	<u>-0-</u>	<u>43,800</u>	<u>-0-</u>	<u>20,000</u>	<u>366,913</u>	<u>11,880,554</u>
Expenses								
Salaries and benefits	4,920,210						27,019	4,947,229
Medical supplies and drugs	1,199,451							1,199,451
Insurance	192,946							192,946
Depreciation	730,458	1,828	7,728	1,034	5,013		55,446	801,507
Interest	-0-							-0-
Provision for bad debts	1,230,296							1,230,296
Other expenses	<u>2,895,976</u>	<u>63,319</u>		<u>19,426</u>	<u>92,087</u>	<u>8,632</u>	<u>82,912</u>	<u>3,162,352</u>
Total expenses	<u>11,169,337</u>	<u>65,147</u>	<u>7,728</u>	<u>20,460</u>	<u>97,100</u>	<u>8,632</u>	<u>165,377</u>	<u>11,533,781</u>
Operating income (loss)	<u>217,504</u>	<u>(2,147)</u>	<u>(7,728)</u>	<u>23,340</u>	<u>(97,100)</u>	<u>11,368</u>	<u>201,536</u>	<u>346,773</u>
Nonoperating income (loss)								
Income on investments whose use is limited	185,031							185,031
Other investment income	450,775							450,775
Payments to Police Jury	<u>(91,200)</u>							<u>(91,200)</u>
Nonoperating income, net	<u>544,606</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>544,606</u>
Excess of revenues over expenses	<u>\$ 762,110</u>	<u>\$ (2,147)</u>	<u>\$ (7,728)</u>	<u>\$ 23,340</u>	<u>\$ (97,100)</u>	<u>\$ 11,368</u>	<u>\$ 201,536</u>	<u>\$ 891,379</u>

* Council on Aging
** Remaining non-hospital activities of the District

Pointe Coupee Parish Hospital Service District No. 1
Combining Statement of Operations
For the Year Ended October 31, 1999

	Hospital	COA*	Mental Health	Health Unit	Substance Abuse	District**	Total
Revenue							
Net patient service revenue	\$ 9,986,138	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 9,986,138
Sales tax revenue	765,659	63,000		27,996		286,500	1,143,155
Contributions and grants	-0-						-0-
Gain (loss) on disposal of equipment	24,197						24,197
Other operating revenue	<u>49,436</u>					<u>61,630</u>	<u>111,066</u>
Total revenue	10,825,430	<u>63,000</u>	<u>-0-</u>	<u>27,996</u>	<u>-0-</u>	<u>348,130</u>	11,264,556
Expenses							
Salaries and benefits	4,862,095					44,300	4,906,395
Medical supplies and drugs	1,140,421						1,140,421
Insurance	208,801						208,801
Depreciation	608,866	2,200	7,084	316	4,595	43,575	666,636
Interest	6,650						6,650
Provision for bad debts	887,663						887,663
Other expenses	<u>2,779,104</u>	<u>64,944</u>		<u>44,336</u>	<u>83,541</u>	<u>71,296</u>	<u>3,043,221</u>
Total expenses	10,493,600	<u>67,144</u>	<u>7,084</u>	<u>44,652</u>	<u>88,136</u>	<u>159,171</u>	10,859,787
Operating income (loss)	<u>331,830</u>	<u>(4,144)</u>	<u>(7,084)</u>	<u>(16,656)</u>	<u>(88,136)</u>	<u>188,959</u>	<u>404,769</u>
Nonoperating income (loss)							
Income on investments whose use is limited	152,716						152,716
Other investment income	298,587						298,587
Payments to Police Jury	<u>(91,200)</u>						<u>(91,200)</u>
Nonoperating income, net	360,103	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	360,103
Excess of revenues over expenses	<u>\$ 691,933</u>	<u>\$ (4,144)</u>	<u>\$ (7,084)</u>	<u>\$ (16,656)</u>	<u>\$ (88,136)</u>	<u>\$ 188,959</u>	<u>\$ 764,872</u>

* Council on Aging

** Remaining non-hospital activities of the District

Bobby G. Lester, CPA
John S. Wells, CPA
Robert G. Miller, CPA
Paul A. Delaney, CPA

Melanie I. Layssard, CPA
Brenda J. Lloyd, CPA

LESTER, MILLER & WELLS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
3600 BAYOU RAPIDES ROAD
ALEXANDRIA, LOUISIANA 71303

Telephone (318) 487-1450
Facsimile (318) 445-1184

Members
American Institute of CPA's
Society of Louisiana CPA's
Mailing Address:
P.O. Box 8758
Alexandria, LA 71306-1758

Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of General Purpose
Financial Statements Conducted in Accordance with
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
New Roads, Louisiana

We have audited the financial statements of the Hospital Service District No. 1, Parish of Pointe Coupee, ("Pointe Coupee General Hospital") for the years ended October 31, 2001, 2000 and 1999, and have issued our report thereon dated February 8, 2002. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Pointe Coupee General Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pointe Coupee General Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners
Hospital Service District No. 1
Parish of Pointe Coupee
Page Two

This report is intended for the information of the Board of Commissioners, management and the office of the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Lester, Miller & Wells
Certified Public Accountants

February 8, 2002